

Message Text

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SUBJECT: DATA ON HONG KONG EXPORTS OF MEN'S MADE-TO-MEASURE APPAREL

REF: STATE 247094

SUMMARY: MUCH OF THE INFORMATION REQUESTED IN REFTEL IS NOT AVAILABLE. THERE IS NO MEANINGFUL DATA ON EXPORTS TO THE U.S. OR EMPLOYMENT IN THE TAILORING FIELD. COST DATWIAND OTHER FACTORS REPORTED BELOW WERE DEVELOPED FROM INTERVIEWS WITH A SMALL SAMPLING OF TAILORING FIRMS. IF THE COMMISSION REQUIRES MORE PRECISE INFORMATIONN THIS SHOULD BE DEVELOPED BY THE SERVICES OF A PROFESSIONAL RESEARCH FIRM AS IT IS OUTSIDE THE CAPABILITIES OF THE CONSULATE GENERAL.
END SUMMARY.

1. CONGEN HAS MADE INQUIRIES WITH HKG, THE MAIL ORDER ASSO- CIATION, AND REPRESENTATIVE TAILOR SHOPS. UNFORTUNATELY, MOST OF THE INFORMATION REQUESTED IN THE REFTEL IS NOT AVAIL- ABLE. MADE-TO-MEASURE GARMENTS IN NON-COMMERCIAL LOTS ARE SPECIFICALLY EXEMPTED FROM THE US-HK MMF AND WOOL RESTRAINT AGREEMENT AND SHIPMENTS ARE NOT TALLIED BY THE HKG. AS IS THE PRACTICE FOR U.S. CUSTOMS, SUCH GARMENTS ARE NOT DIFFERENTIATED FROM READY-MADE APPAREL; HENCE, COMMERCIAL SHIPMENTS (OVER US\$250), WHICH ARE SUBJECT TO THE AGREEMENT, CANNOT BE BROKEN OUT FROM APPAREL CATEGORIES. IN NEGOTIATING THE 1971 AGREEMENT, THE HKG CITED THE FIGURE OF HK\$300 MILLION (US\$50 MILLION) AS AN ESTIMATE IN THE LEVEL OF TRADE FOR BOTH MEN'S AND WOMEN'S TAILORED GARMENTS. THERE WAS NO SUGGESTION, HOWEVER, THAT THIS
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FIGURE HAD BEEN DEVELOPED IN ANY VERY SYSTEMATIC OR SCIEN-

TIFIC FASHION. NO FURTHER EFFORT HAS BEEN MADE SINCE THAT TIME TO DETERMINE THE LEVEL OF TRADE.

2. A SIMILAR PROBLEM EXISTS WITH RESPECT TO DETERMINING THE NUMBER OF ESTABLISHMENTS, THEIR AVERAGE SIZE, AND THE OTLEVEL OF EMPLOYMENT. THE MARCH, 1973 INDUSTRIAL CENSUS LISTS 2,754 GARMENT FACTORIES WITH A MEDIAN SIZE OF 20-49 EMPLOYEES AND A TOTAL EMPLOYMENT OF 127,000. THE VAST MAJORITY OF THESE, HOWEVER, PRODUCE READY-TO-WEAR ITEMS. THE AVERAGE TAILOR SHOP,(ON THE OTHER HAND, EMPLOYS FEWER THAN 20 EMPLOYEES AND IS NOT REQUIRED OT REGISTER WITH THE LABOUR DEPARTMENT.

3. OBTAINING THE INFORMATION REQUESTED IN PARAGRAPHS 1 (A) AND (D) OF REFTEL WOULD REQUIRE A DETAILED SURVEY THAT COULD BE CONDUCTED BY ONLY A PROFESSIONAL MARKETING OR RESEARCH FIRM. THE RESULTS OF SUCH A SURVEY WOULD BE SUSPECT, HOWEVER, IF ONLY BECAUSE CANTONESE SMALL BUSI- NESSMEN ARE NOT PARTICULARLY FORTHCOMING ABOUT THEIR AFFAIRS.

4. (SUB-PARAGRAPH B REFTEL) THE FOLLOWING IS COST IN- FORMATION OBTAINED FROM A SMALL SAMPLE SURVEY OF LOCAL TAILORS WHO EXPORT TO THE U.S.: FABRIC PRICES VARY LARGELY BY SOURCE (VERY LITTLE HONG KONG MADE FABRIC GOES INTO TAILOR-MADE GARMENTS). UK WOOLEN CLOTH VARIES FROM (SUBSEQUENT FIGURES ARE IN CURRENT US\$ VALUE) \$10 TO \$30 PER YARD. ITALIAN MMF RANGES FROM \$8 TO \$12 AND WOOL FROM \$10 TO \$16. JAPANESE MMF GOES FROM \$5 TO \$10 AND WOOL FROM \$7 TO \$16 PER YARD. THERE IS SOME DIFFERENTIAL IN THE COST OF THREAD (UK VS. JAPAN) AND, WHILE THIS IS VERY MARGINAL, IF THE CLIENT DOES NOT SPECIFICALLY INSIST UPON FIRST QUALITY THREAD, THE RISKS WATCHING HIS SUIT FALL TO PIECES IN A FEW YEARS. LABOR COSTS APPEAR TO VARY AC- CORDING TO THE TYPE OF SHOP, OF WHICH THERE ARE THREE. THE MOST EXPENSIVE ARE THE SO-CALLED BRITISH SHOPS. THESE ARE NORMALLY UNDER LOCAL CHINESE MANAGEMENT BUT ARE LOCATED IN LUXURY HOTEL ARCADES OR SIMILARLY PRESTIGIOUS SITES; THEY FEATURE BRITISH FABRIC, THE BEST AVAILABLE TAILORING, AND A REPUTATION FOR RELIABILITY. THEIR TAILORS ARE USUALLY UNCLASSIFIED

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THE BEST OF THE SHANGHAINSE AND ARE PAID AS FOLLOWS FOR SUITS, SPORT JACKETS, AND TROUSERS: \$60-70; \$40-50; \$20-25. THE NEXT TYPE OF SHOP IS SHANGHAINSE AND LABOR COSTS ARE: \$50-60; \$40-45; \$14-20. AT THE BOTTOM OF THE SCALE ARE CANTONESE TAILORS WHO CATER TO A LOCAL CLIENTELE, AND WHO RECEIVE \$40-50; \$36-46; \$12-20. DESPITE THE FACT THE MMF DOUBLE-KNIT FABRIC IS HARDER TO WORK WITH THAN IS WOOL, THE SHOPS WE SURVEYED DID NOT

INDICATE A DIFFERENTIAL IN LABOR COSTS. OWING TO THEIR SMALL SIZE AND EXEMPTION FROM HONG KONG'S MINIMAL LABOR LAWS, TAILORING ESTABLISHMENTS HAVE LITTLE IN THE WAY OF INDIRECT LABOR COSTS OTHER THAN THE ANNUAL NEW YEAR'S BONUS ALREADY REFLECTED IN THE ABOVE FIGURES. ALL TYPES OF ESTABLISHMENTS HAVE COMMON POSTAL COSTS. ALMOST ALL TAILORED GARMENTS ARE SENT BY AIR PARCEL POST; AVERAGE COSTS TO THE U.S. ARE \$15 PER SUIT, \$10 PER SPORT COST, AND \$5 PER PAIR OF TROUSERS. SHOP RENTS IN KOWLOON, WHERE MOST OF THIS TAILORING IS DONE, ARE HIGH. THE MARCH, 1973 AVERAGE (LATEST AVAILABLE FIGURE) WAS \$10 PER SQUARE FOOT PER ANNUM. WITHOUT KNOWING THE AVERAGE VOLUME OF PRODUCTION PER SHOP, HOWEVER, IT IS DIFFICULT TO APPORTION RENT TO MANUFACTURING COSTS.

5. (SUB-PARAGRAPH C REFTEL) HONG KONG TAILORS ARE QUICK TO SEIZE UPON FASHION CHANGES. THE LATEST COPY OF GENTLEMEN'S QUARTERLY IS USUALLY DISPLAYED IN EVEN THE SLEAZIEST ESTABLISHMENTS. THERE IS A TENDENCY TO GREET ALL FASHION DEVELOPMENTS WITH INDISCRIMINATE ENTHUSIASM, HOWEVER, WHICH PLACES THE BURDEN OF JUDGEMENT UPON THE CLIENT. ESTABLISHED REPUTABLE TAILORS TELL US THE BULK OF THEIR BUSINESS IS REPEAT ORDERS FROM PREVIOUSLY SATISFIED (TOURIST) CUSTOMERS WHOSE MEASUREMENTS (AND, PRESUMABLY, STYLE PREFERENCES) ARE ON FILE. OTHER FIRMS TEND TO RELY UPON DROP-IN TOURISTS AND REPRESENTATIVES TAKING ORDERS IN THE U.S. COSTS ARE RISING (THE LABOR COSTS GIVEN IN PARAGRAPH 4 ARE SOME 25 PERCENT HIGHER THAN IN 1972) AND THESE SUITS NOW COST AS MUCH AS GOOD QUALITY READY-MADES IN THE U.S. THE SALES APPEAL OF HONG KONG SUITS WOULD APPEAR TO LIE IN THE MYSTIQUE OF TAILOR-MADE CLOTHING AND WHILE NO ONE WOULD MISTAKE A HONG KONG SUIT FOR ONE FROM SAVILLE ROW, IT COSTS A GOOD DEAL LESS.

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